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MEMORANDUM

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Arizona Corporation Commission
DOCKETED

APR 25 2014

TO: Docket Control Center

FROM: Steven M. Olea
Director
Utilities Division

DATE: April 25, 2014

RE: RIDGELINE WATER COMPANY, L.L.C.
DOCKET NO. W-20589A-08-0173
REQUEST FOR EXTENSION OF COMPLIANCE DEADLINE

DOCKETED BY

On February 12, 2009, the Arizona Corporation Commission ("ACC" or "Commission") issued Decision No. 70748 which approved the application of Ridgeline Water Company, L.L.C. ("Ridgeline" or "Company") for an Order Preliminary to the issuance of a Certificate of Convenience and Necessity ("Order Preliminary") to provide water service. The Order Preliminary was for authority to provide water service to an unincorporated area/subdivision known as Ridgeline Estates, which is located near Madera Canyon, south of Tucson, in Pima County, Arizona.

As part of Decision No. 70748, the Commission ordered the Company to file with Docket Control by February 12, 2012:

"... a copy of the Approval to Construct issued by the Pima County Department of Environmental Quality for water system facilities needed to serve the Ridgeline Estates development."

On June 5, 2012, the Commission extended, via Decision No. 73225, the due date for the Approval to Construct ("ATC") requirement until February 12, 2014. However, Staff recommended and the Commission ordered that no further time extensions be allowed for this Order Preliminary absent extraordinary circumstances.

On January 7, 2014, Ridgeline docketed another motion for extension of time, from February 12, 2014 to February 12, 2017, for the provision of the required ATC for Ridgeline Estates development ("Ridgeline Estates"). The application identifies that:

"... the 2008 financial crisis and subsequent recession severely impacted the real estate market and homebuilding industry in Arizona, and affected the timeline for development of new residential communities such as Ridgeline. While the situation for those sectors of the economy in Arizona since then has improved significantly in the Phoenix metropolitan area, and to a lesser extent in the Tucson metropolitan area, the situation has not materially improved in rural areas of the state (such as Ridgeline) during the approximately nineteen (19) months since Decision No. 73225 was issued. Thus, for the Developer (Pollux Properties, L.L.C.) of Ridgeline, due to circumstance beyond its control, it has not been economically feasible to date to commence construction of the water system facilities here in question."

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The Company stated that they have spent "in excess of \$240,000" on two wells and other activities related to the provision of water service to Ridgeline and the developer has "concluded discussions" with the Arizona State Land Department for a second right-of-way for the residential community. On February 20, 2014, the Company also docketed an updated request for service letter from the developer, Pollux Properties, L.L.C, supporting the Company's request for extension of time.

Staff does not believe granting an additional extension of time for this Order Preliminary would be consistent with Decision No. 73225. Therefore, Staff recommends denial of the Company's request.

SMO:BKB:vsc

Originator: Brian K. Bozzo

SERVICE LIST FOR:

RIDGELINE WATER COMPANY, L.L.C.
DOCKET NO. W-20589A-08-0173

Jeffrey S. Utsch
RIDGELINE WATER COMPANY, L.L.C.
6141 North Pomona Road
Tucson, Arizona 85704

Lawrence V. Robertson, Jr., Esq.
P.O. Box 1448
Tubac, Arizona 85646
Attorney for Ridgeline Water Company, L.L.C.